Department
of Telephones
Saskatchewan

Annual Report 1987

Saskatchewan

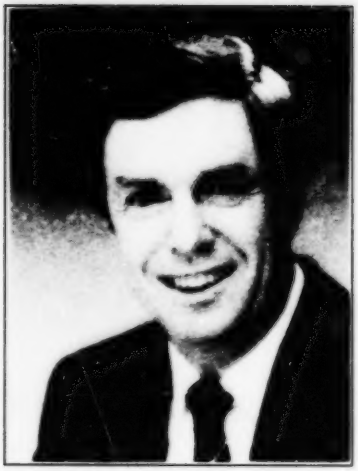
88-05600/

Annual Report

DEPARTMENT OF TELEPHONES
Province of Saskatchewan
Calendar year 1987

Hon. J. Gary Lane
Minister

Mr. Doug Smith
Deputy Minister



Hon. J. Gary Lane
Minister of Telephones

REGINA, Saskatchewan
May 30, 1988

TO HIS HONOUR

The Honourable F.W. Johnson,

Lieutenant Governor of the Province of Saskatchewan.

Sir:

I have the honour to submit herewith, the report of the Department of Telephones covering the activities of the rural telephone systems in the province for the calendar year 1987.

I have the honour to be, Sir,

Your obedient servant,

J. Gary Lane,
Minister of Telephones.

Contents

	Page
Letter of Transmittal	i
Table of Contents	ii
Report at a glance	1
Administration	2
Assimilations	2
Maintenance grant	3
Circuit grant	4
Operational assistance	4
Assimilation program	5
Rural Saskatchewan goes private line	6
Financial activities	7
Debentures	7
Short-term loans	8
Summary of returns	8
Statistical summary	9

1987 Report at a glance

- During 1987, fourteen rural telephone companies, with 694 subscribers joined SaskTel making a total of 687 companies with over 47,848 subscribers assimilated in the last eleven years.
- As of December 31, 1987, there are 17 Rural Telephone Companies in the Province of Saskatchewan.
- Rural telephone company spending totalled $42,555, down 59% from the previous year.
- Maintenance grants to rural companies were discontinued in 1987.
- As of 1984, all existing rural telephone companies were debt free.

Administration

Rural telephone companies historically were responsible for providing telephone service to Saskatchewan's farming population. During the last 18 years, 781 companies have voluntarily given the responsibility for their serving area to SaskTel. Less than 1% of the farms are now served by rural companies.

Under Section 5 of The Telephone Department Act, SaskTel administers The Rural Telephone Act and gives advice and guidance to rural companies for constructing and maintaining their plant to approved standards.

During 1987 SaskTel provided technical assistance to rural companies, as well as administrative help in winding up the companies that have joined SaskTel. Meetings were held with subscribers and boards of companies interested in joining SaskTel under the Voluntary Assimilation Program.

Companies assimilated during year - 1987

Name	Connecting point	Number of subscribers	Assimilation date
Arm	Craik	8	July 25, 1987
Esk	Lanigan	12	May 28, 1987
Frenchman's Butte	Paradise Hill	17	July 10, 1987
Grand Bend	Weyburn	43	Jan. 10, 1987
Hanley	Hanley	30	Dec. 28, 1987
Kisbey	Kisbey	67	Dec. 7, 1987
McTaggart Weyburn	Weyburn	62	Jan. 10, 1987
Midale	Midale	132	Jan. 19, 1987
Paynton	Paynton	94	May 28, 1987
Somme	Porcupine Plaine	137	Aug. 10, 1987
South Weyburn	Weyburn	59	Mar. 10, 1987
Southwest Tyvan	Francis	7	Nov. 10, 1987
Prairieville	Swift Current	16	Dec. 22, 1987
Truax Valley	Avonlea	10	Dec. 15, 1987
	Total	**694**	

Grant programs - 1960 to 1986

In 1960, a program of grants was introduced providing funds to rural telephone companies that would assist and encourage them to upgrade the quality and reliability of the telephone service they provided to their subscribers. Grants have been discontinued after 1986 as the cost to administer the maintenance grants was more than the amount of the grants. Circuit grants have been eliminated with the introduction of SaskTel's Rural Individual Line Service program.

Instrument grant - 1960 to 1974

$989,483 was paid to provide dial-operated telephones free of charge in exchange for the magneto telephones.

Pole grant - 1960 to 1974

Approximately $1,700,000 was paid to assist in the purchase of over 700,000 treated poles.

Maintenance grant - 1960 to 1986

An annual grant of $2.50 per subscriber was paid to rural companies who maintained their plant to approved standards. The Maintenance grant was discontinued after 1986.

The following table indicates the assistance provided by the Maintenance grant since 1960:

Year	Number of companies receiving grant	Number of subscribers served by these companies	Amount of grants approved
1960	124	14,421	$ 17,190
1961	174	19,720	43,503
1962	226	22,926	81,305
1963	306	29,002	72,505
1964	426	35,973	89,832
1965	530	41,537	103,842
1966	648	45,573	113,933
1967	714	48,036	120,090
1968	736	48,937	122,342
1969	754	49,320	123,300
1970	759	49,465	123,663
1971	771	49,533	123,833
1972	759	50,053	125,133
1973	747	49,812	124,530
1974	548	36,403	91,008
1975	614	41,130	102,825
1976	598	41,940	104,850
1977	216	12,993	32,482
1978	139	7,973	19,933*
1979	118	5,398	13,495*
1980	88	4,169	10,423*
1981	64	2,761	6,903*
1982	45	1,837	4,593*
1983	44	1,637	4,093*
1984	40	1,517	3,793*
1985	37	1,432	3,580*
1986	25	1,046	2,615*
1986	0	0	0
* Paid by SaskTel			$ 1,785,694

Circuit grant - 1965 to 1986

The circuit grant was started in 1965 when reliable cable became available and replaced pole line construction almost immediately. It reduced the number of above-ground obstacles from an average of 25 poles per mile to an average of two pedestals per mile.

The average number of subscribers per line has also been reduced from over eight in 1965 to just under three in 1986.

There were no requests for circuit grants in 1987.

Year	Number of companies receiving grant	Route kilo-meters	Route miles	Circuit kilo-meters	Circuit miles	Amount of grants approved
1965	5	24	(15)	354	(220)	$ 725
1966	23	148	(92)	1,310	(814)	23,457
1967	53	417	(259)	3,146	(1,995)	56,264
1968	70	484	(301)	3,917	(2,434)	68,289
1969	68	504	(313)	3,256	(2,023)	58,414
1970	75	766	(476)	5,855	(3,638)	102,850
1971	120	954	(593)	5,659	(3,516)	102,734
1972	155	1,550	(96[illegible])	7,739	(4,809)	202,020
1973	233	2,723	(1,692)	13,378	(8,313)	564,952
1974	249	4,337	(2,695)	18,841	(11,707)	955,930
1975	309	5,996	(3,726)	20,509	(12,744)	1,221,618
1976	271	4,213	(2,618)	16,066	(9,983)	878,817
1977	82	1,365	(848)	4,790	(2,976)	251,433
1978	57	940	(584)	2,908	(1,807)	172,200*
1979	30	283	(176)	966	(613)	65,283*
1980	15	72	(45)	166	(103)	17,993*
1981	13	41	(25)	154	(95)	11,237*
1982	9	55	(34)	180	(111)	17,014*
1983	7	27	(17)	61	(38)	9,111*
1984	5	10	(6)	24	(15)	2,450*
1985	5	12	(8)	202	(125)	8,202*
1986	0	0	0	0	0	0
1987	0	0	0	0	0	0
		24,921	(15,486)	109,501	(68,039)	$4,791,093

* Paid by SaskTel

Operational assistance to rural telephone companies

There were 31 rural telephone companies still in operation at the beginning of 1987 and the department staff continued to offer technical advice and assistance as in the past.

Sixteen general meetings were attended concerning assimilation, and over 17 board meetings were held with SaskTel Officials to discuss Rural Individual Line Service and the Voluntary Assimilation Program.

The annual financial report of each rural company was reviewed and recorded. Details from the statements are included in this report.

The Voluntary Assimilation Program

Responding to requests from rural telephone companies and the Association of Rural Telephone Companies, SaskTel, in 1976, announced two new programs.

The Voluntary Assimilation Program allows any rural telephone company to voluntarily give the responsibility for providing telephone service in its area to SaskTel. The Rural Service Improvement Program essentially provided for all rural telephone plant in the province to be buried with no more than four subscribers per circuit.

In the 10 years prior to 1976, SaskTel's Unserved Area Program assisted rural companies greatly by burying cables to pockets of farmers situated beyond the rural company serving area, allowing rural companies along the cable routes to rent cable pairs or in some instances to join SaskTel. Over 100 rural companies joined SaskTel during that period with 687 companies joining SaskTel in the last ten years.

In 1986, the Rural Individual Line Service Program was introduced. This program provides private line service to rural subscribers in the province and is scheduled to be completed during 1991. This program requires all rural companies to provide private line service to their subscribers. Should a rural telephone company find it is not feasible to carry out this program, an opportunity to assimilate with SaskTel is offered, in accordance with The Rural Telephone Act.

The following indicates rural companies assimilated in the past by SaskTel:

Year	Number of companies	Number of subscribers
1967	1	5
1968	8	96
1969	2	25
1970	-	-
1971	8	225
1972	-	-
1973	8	528
1974	22	677
1975	27	715
1976	29	1,570
1977	460	33,603
1978	69	4,545
1979	32	3,041
1980	35	2,059
1981	26	1,392
1982	30	1,666
1983	1	222
1984	6	255
1985	3	86
1986	11	285
1987	14	694

At year end, there were 7 applications for assimilation of the remaining 17 companies.

Rural Saskatchewan goes private line

Ever since SaskTel was created, nearly 80 years ago, the corporation has constantly maintained its leadership in the telecommunications industry. SaskTel's objective has always been to provide Saskatchewan residents with the most modern telecommunications facilities possible. In 1986, SaskTel took another bold step into the future. The individual line project will result in the elimination of rural multi-party lines in the province by early 1991.

All rural telephone companies will be expected to upgrade their network system to accept this new service or to assimilate with SaskTel.

Besides the advantages of privacy and convenience, individual line service will provide full access to a broad range of communication services and products previously available only to urban residents. Rural individual line customers ultimately will be able to select from a full range of products such as cordless phones, telephone answering units, and telephone sets which can handle both voice and data transmission. Business customers, including those in the agricultural industry, will be offered an extensive line of other telecommunications options and services.

Those rural companies which still operate today are being both encouraged and assisted to assimilate with SaskTel so they too may become a part of this exciting new era, where the rural party line will soon become a thing of the past.

Financial activities of rural telephone companies

Authorization to regulate the operation of rural telephone companies by the Department of Telephones is provided under The Telephone Department Act. In practice the major area of regulation is the control of funds raised by the telephone tax. Spending of tax proceeds must receive the approval of the Department.

The following table shows the number of companies using special levy funds and the special account receipts and expenditures for each of the last 16 years.

Year	Number of companies	Special account proceeds	Amount expended
1972	576	$2,272,756	$2,195,752
1973	540	3,029,865	2,884,522
1974	511	3,436,179	3,320,900
1975	496	4,698,701	4,617,941
1976	505	5,325,494	5,242,792
1977	135	1,136,952	1,259,317
1978	86	641,899	689,592
1979	70	351,230	350,456
1980	48	200,708	274,766
1981	34	104,909	132,410
1982	11	28,918	36,694
1983	7	26,845	37,272
1984	6	11,704	9,582
1985	6	22,412	6,339
1986	6	23,434	7,001
1987	6	970	5,103
		$21,312,976	$21,070,499

Special Account funds in banks or credit unions at December 31, 1987 were $4,374.00. This is a decrease of $19,060 from last year.

Debentures

Total Debentures Issued (Since incorporation)	$20,420,153
Less: Debentures of Companies Dissolved	$19,978,153
Debentures Issued (Current Operating Companies) as at December 31, 1985	$ 413,000
Amount of Debenture Principal Unpaid as at December 31, 1987	$ nil

Short-term loans

Short-term loans authorized $6,301,334

Loans outstanding as at December 31, 1987 ..... $ Nil

Summary of statistical returns from rural telephone companies

Size of companies	Number of companies			Number of telephones (all companies)		
Subscribers	1985	1986	1987	1985	1986	1987
1 - 10	8	6		366	47	24
11 - 25	13	9	6	205	147	98
26 - 50	8	5	3	294	183	110
51 - 100	9	7	3	566	453	164
101 - 200	4	4	2	506	509	241
	42	31	17	1,637	1,339	637

Receipts and expenditures

	1985	1986	1987
Rentals Received	$ 86,628	$ 47,330	$ 25,602
Total Receipts	$ 151,009	$ 80,377	$ 37,930
Total Expenditures	$ 137,209	$ 104,078	$ 42,555

PROVINCE OF SASKATCHEWAN
ANNUAL REPORT OF RURAL TELEPHONE COMPANIES
As at December 31, 1987

Name of Company	Connecting Point	Rental Received	Total Receipts	Total Expenditures	Kilometers				Farms	No. of Telephones		
					Open Wire		Buried					
					Route	Circuit	Route	Circuit		Res.	Bus.	Total
Balcarres West	Balcarres	228	358	390	—	—	14	23	12	—	—	12
o Bellevue	Rouleau	—	—	—	—	—	—	—	—	—	—	7
Crooked Lake	Broadview	791	957	794	—	—	27	48	15	—	—	15
East Borden	Borden	2,645	3,301	2,540	—	—	76	295	53	—	—	53
Glendale	Balcarres	430	565	520	—	—	4	6	9	—	—	9
Heward	Stoughton	1,559	2,366	3,432	—	—	51	96	41	39	2	41
Ituna	Ituna	6,673	9,485	5,549	—	—	142	313	95	103	3	106
Kilmory	Watrous	—	—	—	—	—	22	140	16	15	1	16
Leo	Hanley	27	41	785	—	—	43	150	22	22		22
Loreburn	Loreburn	1,802	2,148	3,036	—	—	106	240	53	—	—	53
North Weyburn	Weyburn	1,075	4,292	4,213	—	—	119	234	36	35	1	36
Pelly	Pelly	2,581	2,760	2,154	1	1	47	42	60	—	—	60
Porcupine	Porcupine Plain	414	477	478	—	—	50	96	17	—	—	17
Redrows	Balcarres	295	327	234	—	—	16	14	8	8	—	8
Ridgedale	Ridgedale	6,214	9,276	16,230	—	—	122	224	135	134	1	135
St. Boswells	Hodgeville	868	1,532	2,200	—	—	51	81	33	33	—	33
o Watrous	Watrous	—	—	—	—	—	—	9	16	—	—	16
TOTAL (17 Companies)		**$25,602**	**37,930**	**42,555**								**639**

o Statistics not available